

# Senate Study Bill 1339

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
HUMAN SERVICES BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to mental health, mental retardation,  
2 developmental disabilities, and brain injury services by  
3 revising and making appropriations, addressing county and  
4 state responsibilities for such services, revising property  
5 tax relief payment provisions, allowed growth, and other  
6 funding distribution requirements, revising county levy  
7 authority provisions for such services, and providing  
8 effective and applicability dates.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 1278DP 82  
11 jp/je/5

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1 1 DIVISION I  
1 2 ALLOWED GROWTH FACTOR DISTRIBUTION PROVISIONS  
1 3 Section 1. Section 331.438, subsection 1, paragraph b,  
1 4 Code 2007, is amended by striking the paragraph.  
1 5 Sec. 2. Section 331.438, subsection 2, Code 2007, is  
1 6 amended to read as follows:  
1 7 2. ~~a.~~ A state payment to a county for a fiscal year shall  
1 8 consist of the sum of the state funding the county is eligible  
1 9 to receive from the property tax relief fund in accordance  
1 10 with section 426B.2 plus the county's portion of state funds  
1 11 appropriated for the allowed growth factor adjustment  
1 12 established by the general assembly under section 331.439,  
1 13 subsection 3, and paid from the allowed growth funding pool in  
1 14 accordance with section 426B.5.  
1 15 ~~b. A county's portion of the allowed growth factor~~  
~~1 16 adjustment appropriation for a fiscal year shall be determined~~  
~~1 17 based upon the county's proportion of the state's general~~  
~~1 18 population.~~  
~~1 19 c. The department of human services shall provide for~~  
~~1 20 payment of the amount due a county for the county's allowed~~  
~~1 21 growth factor adjustment determined in accordance with this~~  
~~1 22 subsection. The director of human services shall authorize~~  
~~1 23 warrants payable to the county treasurer for the amounts due~~  
~~1 24 and the warrants shall be mailed in January of each year. The~~  
~~1 25 county treasurer shall credit the amount of the warrant to the~~  
~~1 26 county's services fund created under section 331.424A.~~  
~~1 27 d. Unless otherwise provided by law, in order to be~~  
~~1 28 included in any distribution formula for the allowed growth~~  
~~1 29 factor adjustment and to receive an allowed growth factor~~  
~~1 30 adjustment payment, a county must levy seventy percent or more~~  
~~1 31 of the maximum amount allowed for the county's services fund~~  
~~1 32 for taxes due and payable in the fiscal year for which the~~  
~~1 33 allowed growth factor adjustment is payable.~~  
~~1 34 Sec. 3. Section 426B.5, subsection 1, Code 2007, is~~  
~~1 35 amended to read as follows:~~  
2 1 1. ~~PER CAPITA EXPENDITURE TARGET ALLOWED GROWTH FUNDING~~  
2 2 POOL.  
2 3 a. ~~A per capita expenditure target~~ An allowed growth  
2 4 funding pool is created in the property tax relief fund. The  
2 5 pool shall consist of the moneys credited to the pool by law.  
2 6 b. ~~A statewide per capita expenditure target amount is~~  
2 7 ~~established. The statewide per capita expenditure target~~  
2 8 ~~amount shall be equal to the one-hundredth percentile of all~~  
2 9 ~~county per capita expenditures in the fiscal year beginning~~  
2 10 ~~July 1, 1997, and ending June 30, 1998.~~  
2 11 c. ~~b. Moneys available in the per capita expenditure~~  
2 12 allowed growth funding pool for a fiscal year are appropriated  
2 13 to the department of human services for distribution as

~~2 14 provided in this subsection.~~  
~~2 15 c. The first twelve million dollars credited to the~~  
~~2 16 funding pool shall be allocated to counties based upon the~~  
~~2 17 county's relative proportion of the state's general~~  
~~2 18 population.~~  
~~2 19 d. (1) The amount in the funding pool remaining after the~~  
~~2 20 allocation made in paragraph "c" shall be distributed~~  
~~2 21 allocated to those counties that meet all of the following~~  
~~2 22 eligibility requirements:~~  
~~2 23 (i) (a) The county is levying the maximum amount allowed~~  
~~2 24 for the county's mental health, mental retardation, and~~  
~~2 25 developmental disabilities services fund under section~~  
~~2 26 331.424A for the fiscal year in which the funding is~~  
~~2 27 distributed.~~  
~~2 28 (2) The county's per capita expenditure in the latest~~  
~~2 29 fiscal year for which the actual expenditure information is~~  
~~2 30 available is equal to or less than the statewide per capita~~  
~~2 31 expenditure target amount.~~  
~~2 32 (3) (b) In the latest fiscal year that commenced two~~  
~~2 33 years prior to the fiscal year of distribution reported in~~  
~~2 34 accordance with section 331.403, the county's mental health,~~  
~~2 35 mental retardation, and developmental disabilities services~~  
~~3 1 fund ending balance under generally accepted accounting~~  
~~3 2 principles was equal to or less than twenty-five percent of~~  
~~3 3 the county's actual gross expenditures for the that fiscal~~  
~~3 4 year that commenced two years prior to the fiscal year of~~  
~~3 5 distribution.~~  
~~3 6 (4) The county is in compliance with the filing date~~  
~~3 7 requirements under section 331.403.~~  
~~3 8 d. (2) The distribution amount allocated to a county~~  
~~3 9 receives from the moneys available in the pool under this~~  
~~3 10 paragraph "d" shall be determined based upon the county's~~  
~~3 11 proportion of the general population of the counties eligible~~  
~~3 12 to receive moneys from the pool for that fiscal year.~~  
~~3 13 However, a county shall not receive moneys in excess of the~~  
~~3 14 amount which would cause the county's per capita expenditure~~  
~~3 15 to exceed the statewide per capita expenditure target.~~  
~~3 16 e. In order to receive an allocation under this section, a~~  
~~3 17 county must comply with the filing date requirements under~~  
~~3 18 section 331.403. Moneys credited to the per capita~~  
~~3 19 expenditure target allowed growth funding pool which remain~~  
~~3 20 unobligated or unexpended at the close of a fiscal year shall~~  
~~3 21 remain in the pool for distribution in the succeeding fiscal~~  
~~3 22 year.~~  
~~3 23 f. The most recent population estimates issued by the~~  
~~3 24 United States bureau of the census shall be applied in~~  
~~3 25 determining population for the purposes of this subsection.~~  
~~3 26 e. g. The department of human services shall annually~~  
~~3 27 calculate the amount of moneys due to eligible counties in~~  
~~3 28 accordance with this subsection. The department shall~~  
~~3 29 authorize the issuance of warrants payable to the county~~  
~~3 30 treasurer for the amounts due and the warrants shall be issued~~  
~~3 31 in January.~~  
~~3 32 Sec. 4. Section 426B.5, subsection 2, Code 2007, is~~  
~~3 33 amended by striking the subsection.~~  
~~3 34 Sec. 5. Section 331.440A, Code 2007, is repealed.~~  
~~3 35~~  
~~4 1 DIVISION II~~  
~~4 2 ALLOWED GROWTH FUNDING FOR FY 2007=2008~~  
~~4 3 Sec. 6. 2006 Iowa Acts, chapter 1185, section 1, is~~  
~~4 4 amended to read as follows:~~  
~~4 5 SECTION 1. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND~~  
~~4 6 DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ALLOCATIONS~~  
~~4 7 == FISCAL YEAR 2007=2008.~~  
~~4 8 1. There is appropriated from the general fund of the~~  
~~4 9 state to the department of human services for the fiscal year~~  
~~4 10 beginning July 1, 2007, and ending June 30, 2008, the~~  
~~4 11 following amount, or so much thereof as is necessary, to be~~  
~~4 12 used for the purpose designated:~~  
~~4 13 For distribution to counties of the county mental health,~~  
~~4 14 mental retardation, and developmental disabilities allowed~~  
~~4 15 growth factor adjustment, as provided in this section in lieu~~  
~~4 16 of the provisions of section 331.438, subsection 2, and~~  
~~4 17 section 331.439, subsection 3, and chapter 426B:~~  
~~4 18 ..... \$ 43,287,141~~  
~~4 19 66,987,141~~  
~~4 20 2. The funding appropriated in this section is the allowed~~  
~~4 21 growth factor adjustment for fiscal year 2007=2008, and is~~  
~~4 22 allocated as follows:~~  
~~4 23 a. For distribution to counties for fiscal year 2007=2008~~  
~~4 24 in accordance with the formula in section 331.438, subsection~~  
~~4 25 2, paragraph "b":~~

4 25 ..... \$ 12,000,000  
4 26 ~~b. a.~~ For deposit in the ~~per capita expenditure target~~  
4 27 ~~allowed growth funding~~ pool created in the property tax relief  
4 28 fund and for distribution in accordance with section 426B.5,  
4 29 subsection 1:  
4 30 ..... \$ 24,360,548  
4 31 ..... 62,060,548  
4 32 ~~c. b.~~ For deposit in the risk pool created in the property  
4 33 tax relief fund and for distribution in accordance with  
4 34 section 426B.5, subsection 2:  
4 35 ..... \$ 2,000,000  
5 1 ..... 0  
5 2 ~~d. c.~~ For ~~expansion of services to persons with transfer~~  
5 3 ~~to the department of public health to be used for the brain~~  
5 4 ~~injury services program~~ in accordance with the law enacted by  
5 5 ~~the Eighty-first General Assembly, 2006 Session, as law~~  
5 6 ~~providing for such expansion of services to commence in the~~  
5 7 ~~fiscal year beginning July 1, 2006 section 135.22B:~~  
5 8 ..... \$ 4,926,593  
5 9 ~~if 2006 Iowa Acts, House File 2772, is enacted by the~~  
5 10 ~~Eighty-first General Assembly, 2006 Session, the allocation~~  
5 11 ~~made in this lettered paragraph shall be transferred to the~~  
5 12 ~~Iowa department of public health to be used for the brain~~  
5 13 ~~injury services program created pursuant to that Act.~~  
5 14 Sec. 7. 2006 Iowa Acts, chapter 1185, section 1, is  
5 15 amended by adding the following new subsections:  
5 16 NEW SUBSECTION. 3. The following formula amounts shall be  
5 17 utilized only to calculate preliminary distribution amounts  
5 18 for fiscal year 2007=2008 under this section by applying the  
5 19 indicated formula provisions to the formula amounts and  
5 20 producing a preliminary distribution total for each county:  
5 21 a. For calculation of a distribution amount for eligible  
5 22 counties from the allowed growth funding pool created in the  
5 23 property tax relief fund in accordance with the requirements  
5 24 in section 426B.5, subsection 1:  
5 25 ..... \$ 69,725,124  
5 26 b. For calculation of a distribution amount for counties  
5 27 from the mental health and developmental disabilities (MH/DD)  
5 28 community services fund in accordance with the formula  
5 29 provided in the appropriation made for the MH/DD community  
5 30 services fund for the fiscal year beginning July 1, 2007:  
5 31 ..... \$ 17,727,890  
5 32 NEW SUBSECTION. 4. After applying the applicable  
5 33 statutory distribution formulas to the amounts indicated in  
5 34 subsection 3 for purposes of producing preliminary  
5 35 distribution totals, the department of human services shall  
6 1 apply a withholding factor to adjust an eligible individual  
6 2 county's preliminary distribution total. In order to be  
6 3 eligible for a distribution under this section, a county must  
6 4 be levying seventy percent or more of the maximum amount  
6 5 allowed for the county's mental health, mental retardation,  
6 6 and developmental disabilities services fund under section  
6 7 331.424A for taxes due and payable in the fiscal year for  
6 8 which the distribution is payable. An ending balance  
6 9 percentage for each county shall be determined by expressing  
6 10 the county's ending balance on a modified accrual basis under  
6 11 generally accepted accounting principles for the fiscal year  
6 12 beginning July 1, 2006, in the county's mental health, mental  
6 13 retardation, and developmental disabilities services fund  
6 14 created under section 331.424A, as a percentage of the  
6 15 county's gross expenditures from that fund for that fiscal  
6 16 year. If a county borrowed moneys for purposes of providing  
6 17 services from the county's services fund on or before July 1,  
6 18 2006, and the county's services fund ending balance for that  
6 19 fiscal year includes the loan proceeds or an amount designated  
6 20 in the county budget to service the loan for the borrowed  
6 21 moneys, those amounts shall not be considered to be part of  
6 22 the county's ending balance for purposes of calculating an  
6 23 ending balance percentage under this subsection. The  
6 24 withholding factor for a county shall be the following  
6 25 applicable percent:  
6 26 a. For an ending balance percentage of less than 5  
6 27 percent, a withholding factor of 0 percent. In addition, a  
6 28 county that is subject to this lettered paragraph shall  
6 29 receive an inflation adjustment equal to 3 percent of the  
6 30 gross expenditures reported for the county's services fund for  
6 31 the fiscal year.  
6 32 b. For an ending balance percentage of 5 or more but less  
6 33 than 10 percent, a withholding factor of 0 percent. In  
6 34 addition, a county that is subject to this lettered paragraph  
6 35 shall receive an inflation adjustment equal to 2 percent of

7 1 the gross expenditures reported for the county's services fund  
7 2 for the fiscal year.  
7 3 c. For an ending balance percentage of 10 or more but less  
7 4 than 25 percent, a withholding factor of 25 percent. However,  
7 5 for counties with an ending balance percentage of 10 or more  
7 6 but less than 15 percent, the amount withheld shall be limited  
7 7 to the amount by which the county's ending balance was in  
7 8 excess of the ending balance percentage of 10 percent.

7 9 d. For an ending balance percentage of 25 percent or more,  
7 10 a withholding percentage of 100 percent.

7 11 NEW SUBSECTION. 5. The total withholding amounts applied  
7 12 pursuant to subsection 4 shall be equal to a withholding  
7 13 target amount of \$7,664,576. If the department of human  
7 14 services determines that the amount to be withheld in  
7 15 accordance with subsection 4 is not equal to the target  
7 16 withholding amount, the department shall adjust the  
7 17 withholding factors listed in subsection 4 as necessary to  
7 18 achieve the withholding target amount. However, in making  
7 19 such adjustments to the withholding factors, the department  
7 20 shall strive to minimize changes to the withholding factors  
7 21 for those ending balance percentage ranges that are lower than  
7 22 others and shall not adjust the zero withholding factor or the  
7 23 inflation adjustment percentage specified in subsection 4,  
7 24 paragraph "a".

#### 7 25 DIVISION III

#### 7 26 ALLOWED GROWTH FUNDING FOR FY 2008=2009

7 27 Sec. 8. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND  
7 28 DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ALLOCATIONS  
7 29 == FISCAL YEAR 2008=2009.

7 30 1. There is appropriated from the general fund of the  
7 31 state to the department of human services for the fiscal year  
7 32 beginning July 1, 2008, and ending June 30, 2009, the  
7 33 following amount, or so much thereof as is necessary, to be  
7 34 used for the purpose designated:

7 35 For distribution to counties of the county mental health,  
8 1 mental retardation, and developmental disabilities allowed  
8 2 growth factor adjustment, as provided in this section in lieu  
8 3 of the provisions of section 331.438, subsection 2, and  
8 4 section 331.439, subsection 3, and chapter 426B:

8 5 ..... \$ 89,045,297

8 6 2. The funding appropriated in this section is the allowed  
8 7 growth factor adjustment for fiscal year 2008=2009, and is  
8 8 allocated as follows:

8 9 a. For deposit in the allowed growth funding pool created  
8 10 in the property tax relief fund and for distribution in  
8 11 accordance with section 426B.5, subsection 1:

8 12 ..... \$ 81,512,084

8 13 b. For transfer to the department of public health to be  
8 14 used for the brain injury services program in accordance with  
8 15 section 135.22B:

8 16 ..... \$ 7,533,213

8 17 3. The following formula amounts shall be utilized only to  
8 18 calculate preliminary distribution amounts for fiscal year  
8 19 2008=2009 under this section by applying the indicated formula  
8 20 provisions to the formula amounts and producing a preliminary  
8 21 distribution total for each county:

8 22 a. For calculation of a distribution amount for eligible  
8 23 counties from the allowed growth funding pool created in the  
8 24 property tax relief fund in accordance with the requirements  
8 25 in section 426B.5, subsection 1:

8 26 ..... \$ 89,176,660

8 27 b. For calculation of a distribution amount for counties  
8 28 from the mental health and developmental disabilities (MH/DD)  
8 29 community services fund in accordance with the formula  
8 30 provided in the appropriation made for the MH/DD community  
8 31 services fund for the fiscal year beginning July 1, 2008:

8 32 ..... \$ 17,727,890

8 33 4. After applying the applicable statutory distribution  
8 34 formulas to the amounts indicated in subsection 3 for purposes  
8 35 of producing preliminary distribution totals, the department  
9 1 of human services shall apply a withholding factor to adjust  
9 2 an eligible individual county's preliminary distribution  
9 3 total. In order to be eligible for a distribution under this  
9 4 section, a county must be levying seventy percent or more of  
9 5 the maximum amount allowed for the county's mental health,  
9 6 mental retardation, and developmental disabilities services  
9 7 fund under section 331.424A for taxes due and payable in the  
9 8 fiscal year for which the distribution is payable. An ending  
9 9 balance percentage for each county shall be determined by  
9 10 expressing the county's ending balance on a modified accrual  
9 11 basis under generally accepted accounting principles for the

9 12 fiscal year beginning July 1, 2007, in the county's mental  
9 13 health, mental retardation, and developmental disabilities  
9 14 services fund created under section 331.424A, as a percentage  
9 15 of the county's gross expenditures from that fund for that  
9 16 fiscal year. If a county borrowed moneys for purposes of  
9 17 providing services from the county's services fund on or  
9 18 before July 1, 2007, and the county's services fund ending  
9 19 balance for that fiscal year includes the loan proceeds or an  
9 20 amount designated in the county budget to service the loan for  
9 21 the borrowed moneys, those amounts shall not be considered to  
9 22 be part of the county's ending balance for purposes of  
9 23 calculating an ending balance percentage under this  
9 24 subsection. The withholding factor for a county shall be the  
9 25 following applicable percent:  
9 26 a. For an ending balance percentage of less than 5  
9 27 percent, a withholding factor of 0 percent. In addition, a  
9 28 county that is subject to this lettered paragraph shall  
9 29 receive an inflation adjustment equal to 3 percent of the  
9 30 gross expenditures reported for the county's services fund for  
9 31 the fiscal year.  
9 32 b. For an ending balance percentage of 5 or more but less  
9 33 than 10 percent, a withholding factor of 0 percent. In  
9 34 addition, a county that is subject to this lettered paragraph  
9 35 shall receive an inflation adjustment equal to 2 percent of  
10 1 the gross expenditures reported for the county's services fund  
10 2 for the fiscal year.  
10 3 c. For an ending balance percentage of 10 or more but less  
10 4 than 25 percent, a withholding factor of 25 percent. However,  
10 5 for counties with an ending balance percentage of 10 or more  
10 6 but less than 15 percent, the amount withheld shall be limited  
10 7 to the amount by which the county's ending balance was in  
10 8 excess of the ending balance percentage of 10 percent.  
10 9 d. For an ending balance percentage of 25 percent or more,  
10 10 a withholding percentage of 100 percent.  
10 11 5. The total withholding amounts applied pursuant to  
10 12 subsection 4 shall be equal to a withholding target amount of  
10 13 \$7,664,576. If the department of human services determines  
10 14 that the amount to be withheld in accordance with subsection 4  
10 15 is not equal to the target withholding amount, the department  
10 16 shall adjust the withholding factors listed in subsection 4 as  
10 17 necessary to achieve the withholding target amount. However,  
10 18 in making such adjustments to the withholding factors, the  
10 19 department shall strive to minimize changes to the withholding  
10 20 factors for those ending balance percentage ranges that are  
10 21 lower than others and shall not adjust the zero withholding  
10 22 factor or the inflation adjustment percentage specified in  
10 23 subsection 4, paragraph "a".

#### 10 24 DIVISION IV

##### 10 25 CHILDREN'S SYSTEM DESIGN

10 26 Sec. 9. CHILDREN'S MENTAL HEALTH AND DISABILITY SERVICE  
10 27 SYSTEM DESIGN == INITIAL IMPLEMENTATION. There is  
10 28 appropriated from the general fund of the state to the  
10 29 department of human services for the fiscal year beginning  
10 30 July 1, 2007, and ending June 30, 2008, the following amount,  
10 31 or so much thereof as is necessary, to be used for the  
10 32 purposes designated:

10 33 For initial implementation of the children's mental health  
10 34 and disability service system design approved by the mental  
10 35 health, mental retardation, developmental disabilities, and  
11 1 brain injury commission in fall 2006:

11 2 ..... \$ 200,000

11 3 Sec. 10. COMMISSION MEMBERSHIP. The mental health, mental  
11 4 retardation, developmental disabilities, and brain injury  
11 5 commission shall review the existing commission membership  
11 6 requirements under Iowa law and develop a specific  
11 7 recommendation for revising the requirements to provide  
11 8 representation for the children's mental health and disability  
11 9 service system. In the review, the commission shall consider  
11 10 representation for education, mental health and disability  
11 11 services providers, services consumers and consumer parents  
11 12 and family members, and the juvenile justice and child welfare  
11 13 systems. The commission shall complete the review and provide  
11 14 a recommendation in the commission's annual report to the  
11 15 governor and general assembly submitted in 2007.

#### 11 16 DIVISION V

##### 11 17 COUNTY SERVICES FUND LEVY

11 18 Sec. 11. Section 331.424A, subsection 4, Code 2007, is  
11 19 amended to read as follows:

11 20 4. a. For the fiscal year beginning July 1, ~~1996~~ 2008,  
11 21 and for each subsequent fiscal year, the county shall certify  
11 22 a levy for payment of services. For each fiscal year, county

11 23 revenues from taxes imposed by the county credited to the  
11 24 services fund shall ~~not exceed an amount equal to the amount~~  
11 25 ~~of base year expenditures for services as defined in section~~  
11 26 ~~331.438, less the amount of property tax relief to be received~~  
11 27 ~~pursuant to section 426B.2, in the fiscal year for which the~~  
11 28 ~~budget is certified be determined by applying the county's~~  
11 29 ~~levy rate authorized in law to the assessed value of taxable~~  
11 30 ~~property for that county. The county auditor and the board of~~  
11 31 ~~supervisors shall reduce the amount of the levy certified for~~  
11 32 ~~the services fund by the amount of property tax relief to be~~  
11 33 ~~received. The general assembly shall provide by law, for~~  
11 34 ~~county services funds, a statewide minimum levy rate per~~  
11 35 ~~thousand dollars of assessed value of taxable property. The~~  
12 1 ~~levy rate shall be an amount sufficient to raise statewide an~~  
12 2 ~~amount equal to the statewide total of base year expenditures~~  
12 3 ~~for services as defined in section 331.438, less the amount of~~  
12 4 ~~property tax relief payable to all counties pursuant to~~  
12 5 ~~section 426B.2, Code 2007, for the fiscal year beginning July~~  
12 6 ~~1, 2006. The statewide maximum levy rate shall be equal to~~  
12 7 ~~double the statewide minimum levy rate for the fiscal year. A~~  
12 8 ~~county's authorized levy rate for a fiscal year shall be an~~  
12 9 ~~amount certified by the board of supervisors that is not less~~  
12 10 ~~than the statewide minimum levy rate or more than the~~  
12 11 ~~statewide maximum levy rate applicable to that fiscal year. A~~  
12 12 ~~levy certified under this section is not subject to the appeal~~  
12 13 ~~provisions of section 331.426 or to any other provision in law~~  
12 14 ~~authorizing a county to exceed, increase, or appeal a property~~  
12 15 ~~tax levy limit.~~  
12 16 ~~b. Notwithstanding paragraph "a", for fiscal years~~  
12 17 ~~beginning July 1, 2008, July 1, 2009, and July 1, 2010, if a~~  
12 18 ~~county's certified services fund levy rate per thousand~~  
12 19 ~~dollars of assessed value of taxable property as of March 15,~~  
12 20 ~~2008, is less than the statewide minimum levy rate, the county~~  
12 21 ~~board of supervisors may annually certify an incremental~~  
12 22 ~~increase in the county's services fund levy rate as necessary~~  
12 23 ~~to fully implement at least the statewide minimum levy rate~~  
12 24 ~~effective for the fiscal year beginning July 1, 2011, and~~  
12 25 ~~subsequent fiscal years.~~

12 26 Sec. 12. EFFECTIVE DATE == APPLICABILITY. The section of  
12 27 this division of this Act amending section 331.424A,  
12 28 subsection 4, takes effect January 1, 2008, and is applicable  
12 29 to taxes payable in the fiscal year beginning July 1, 2008,  
12 30 and subsequent fiscal years.

12 31 DIVISION VI  
12 32 STATE FUNDING CONSOLIDATION

12 33 Sec. 13. Section 225C.4, subsection 1, paragraph h, Code  
12 34 2007, is amended to read as follows:

12 35 h. Administer state appropriations to the mental health  
13 1 and ~~developmental disabilities community disability~~ services  
13 2 ~~state fund~~ established by section ~~225C.7~~ 225C.9.

13 3 Sec. 14. NEW SECTION. 225C.9 MENTAL HEALTH AND  
13 4 DISABILITY SERVICES STATE FUND == APPROPRIATION.

13 5 1. The mental health and disability services state fund is  
13 6 established in the office of the treasurer of state under the  
13 7 authority of the department, which shall consist of the  
13 8 amounts appropriated to the fund by the general assembly for  
13 9 each fiscal year. Moneys credited to the fund are not subject  
13 10 to section 8.33 and shall not be transferred, used, or  
13 11 appropriated except as provided by law. Before completion of  
13 12 the department's budget estimate as required by section 8.23,  
13 13 the department shall determine and include in the estimate the  
13 14 amount which should be appropriated to the fund for the  
13 15 forthcoming fiscal period in order to implement the purpose  
13 16 stated in section 225C.1.

13 17 2. It is the intent of the general assembly that moneys  
13 18 credited to the fund shall include the amounts that would  
13 19 otherwise be appropriated for the following purposes:

13 20 a. Appropriations made for purposes of the mental health  
13 21 and developmental disabilities community services fund as the  
13 22 fund existed pursuant to section 225C.7, Code 2007.

13 23 b. Appropriations made to the property tax relief fund  
13 24 under chapter 426B, Code 2007.

13 25 c. Appropriations made for purposes of allowed growth  
13 26 factor adjustment as described in section 331.439, subsection  
13 27 3, paragraph "b", Code 2007, and for purposes of the funding  
13 28 pools created in section 426B.5, Code 2007.

13 29 d. Appropriations made for state case services and other  
13 30 support as provided in section 331.440.

13 31 3. Moneys appropriated to the fund shall be appropriated  
13 32 by the general assembly for allocation to counties for funding  
13 33 of mental health, mental retardation, developmental

13 34 disabilities, and brain injury services on a case rate basis  
13 35 for the persons for whom the county has a financial  
14 1 responsibility to pay for the costs of services and other  
14 2 support provided. The commission shall adopt rules for  
14 3 distribution of the case rate funding. The rules shall  
14 4 provide for adjustment to the case rate payment made to a  
14 5 county based upon the dollars raised by the county's minimum  
14 6 levy under section 331.424A.

14 7 4. a. There is appropriated from the general fund of the  
14 8 state to the mental health and disability services state fund  
14 9 on July 1 of each fiscal year, ninety-five million dollars.

14 10 b. There is appropriated from the mental health and  
14 11 disability services state fund on July 1 of each fiscal year,  
14 12 to the department of human services to supplement the medical  
14 13 assistance appropriation, six million six hundred thousand  
14 14 dollars to be used for the nonfederal share of the costs of  
14 15 services provided to minors with mental retardation under the  
14 16 medical assistance program to meet the requirements of section  
14 17 249A.12, subsection 4. The appropriation in this subsection  
14 18 shall be charged to the mental health and disability services  
14 19 state fund prior to the distribution of moneys from the fund  
14 20 to counties and the amount of moneys available for  
14 21 distribution to counties shall be reduced accordingly.

14 22 Sec. 15. Section 230A.1, Code 2007, is amended to read as  
14 23 follows:

14 24 230A.1 ESTABLISHMENT AND SUPPORT OF COMMUNITY MENTAL  
14 25 HEALTH CENTERS.

14 26 1. A county or affiliated counties, by action of the board  
14 27 or boards of supervisors, with approval of the administrator  
14 28 of the division of mental health and disability services of  
14 29 the department of human services, may establish a community  
14 30 mental health center under this chapter to serve the county or  
14 31 counties. This section does not limit the authority of the  
14 32 board or boards of supervisors of any county or group of  
14 33 counties to continue to expend money to support operation of  
14 34 the center, and to form agreements with the board of  
14 35 supervisors of any additional county for that county to join  
15 1 in supporting and receiving services from or through the  
15 2 center.

15 3 2. If a county has not established or is not affiliated  
15 4 with a community mental health center under subsection 1, the  
15 5 county shall expend a portion of the money received from the  
15 6 state and credited to the county's services fund under section  
15 7 331.424A to contract with a community mental health center to  
15 8 provide outpatient mental health services to the county's  
15 9 residents. If such a contractual relationship is unworkable  
15 10 or undesirable, the mental health, mental retardation,  
15 11 developmental disabilities, and brain injury commission may  
15 12 waive the expenditure requirement. However, if the commission  
15 13 waives the requirement, the county shall provide outpatient  
15 14 mental health services to the county's residents through an  
15 15 affiliation agreement, contract with a for-profit provider, or  
15 16 other means, subject to the approval of the commission.

15 17 Sec. 16. Section 331.424A, subsection 3, Code 2007, is  
15 18 amended to read as follows:

15 19 3. For the fiscal year beginning July 1, 1996, and  
15 20 succeeding fiscal years, receipts from the state or federal  
15 21 government for such services shall be credited to the services  
15 22 fund, including moneys allotted to the county from the ~~state~~  
15 23 ~~payment made pursuant to section 331.439 and moneys allotted~~  
15 24 ~~to the county for property tax relief pursuant to section~~  
15 25 ~~426B.1 mental health and disability services state fund~~  
15 26 ~~created in section 225C.9.~~

15 27 Sec. 17. Section 331.438, subsection 1, unnumbered  
15 28 paragraph 1, Code 2007, is amended to read as follows:

15 29 For the purposes of section 331.424A, this section, and  
15 30 ~~section 331.439, and chapter 426B,~~ unless the context  
15 31 otherwise requires:

15 32 Sec. 18. Section 331.438, subsection 1, paragraph b, Code  
15 33 2007, is amended by striking the paragraph.

15 34 Sec. 19. Section 331.438, subsection 1, paragraph e, Code  
15 35 2007, is amended to read as follows:

16 1 e. "State payment" means the ~~payment~~ case rate payments  
16 2 made by the state from the mental health and disability  
16 3 services state fund created in section 225C.9 to a county  
16 4 determined to be eligible for the ~~payment~~ payments in  
16 5 accordance with section 331.439.

16 6 Sec. 20. Section 331.438, subsections 2 and 3, Code 2007,  
16 7 are amended by striking the subsections.

16 8 Sec. 21. Section 331.439, subsection 1, unnumbered  
16 9 paragraph 1, Code 2007, is amended to read as follows:

16 10 The state payment to eligible counties under this section  
16 11 shall be made from the mental health and disability services  
16 12 state fund as provided in sections 331.438 and 426B.2 section  
16 13 225C.9. A county is eligible for the state payment, ~~as~~  
16 14 ~~defined in section 331.438~~, for a fiscal year if the director  
16 15 of human services, in consultation with the state commission,  
16 16 determines for a specific fiscal year that all of the  
16 17 following conditions are met:  
16 18 Sec. 22. Section 331.439, subsection 3, paragraph c, Code  
16 19 2007, is amended by striking the paragraph.  
16 20 Sec. 23. Section 437A.8, subsection 4, paragraph d, Code  
16 21 2007, is amended to read as follows:  
16 22 d. Notwithstanding paragraph "a", a taxpayer who owns or  
16 23 leases a new electric power generating plant and who has no  
16 24 other operating property in the state of Iowa except for  
16 25 operating property directly serving the new electric power  
16 26 generating plant as described in section 437A.16 shall pay the  
16 27 replacement generation tax associated with the allocation of  
16 28 the local amount to the county treasurer of the county in  
16 29 which the local amount is located and shall remit the  
16 30 remaining replacement generation tax, if any, to the director  
16 31 according to paragraph "a" for remittance of the tax to county  
16 32 treasurers. The director shall notify each taxpayer on or  
16 33 before August 31 following a tax year of its remaining  
16 34 replacement generation tax to be remitted to the director.  
16 35 All remaining replacement generation tax revenues received by  
17 1 the director shall be deposited in the ~~property tax relief~~  
17 2 ~~fund created in section 426B.1 mental health and disability~~  
17 3 ~~services state fund created in section 225C.9~~, and shall be  
17 4 distributed as provided in section ~~426B.2~~ 225C.9.  
17 5 Sec. 24. Section 437A.15, subsection 3, paragraph f, Code  
17 6 2007, is amended to read as follows:  
17 7 f. Notwithstanding the provisions of this section, if a  
17 8 taxpayer is a municipal utility or a municipal owner of an  
17 9 electric power facility financed under the provisions of  
17 10 chapter 28F or 476A, the assessed value, other than the local  
17 11 amount, of a new electric power generating plant shall be  
17 12 allocated to each taxing district in which the municipal  
17 13 utility or municipal owner is serving customers and has  
17 14 electric meters in operation in the ratio that the number of  
17 15 operating electric meters of the municipal utility or  
17 16 municipal owner located in the taxing district bears to the  
17 17 total number of operating electric meters of the municipal  
17 18 utility or municipal owner in the state as of January 1 of the  
17 19 tax year. If the municipal utility or municipal owner of an  
17 20 electric power facility financed under the provisions of  
17 21 chapter 28F or 476A has a new electric power generating plant  
17 22 but the municipal utility or municipal owner has no operating  
17 23 electric meters in this state, the municipal utility or  
17 24 municipal owner shall pay the replacement generation tax  
17 25 associated with the new electric power generating plant  
17 26 allocation of the local amount to the county treasurer of the  
17 27 county in which the local amount is located and shall remit  
17 28 the remaining replacement generation tax, if any, to the  
17 29 director at the times contained in section 437A.8, subsection  
17 30 4, for remittance of the tax to the county treasurers. All  
17 31 remaining replacement generation tax revenues received by the  
17 32 director shall be deposited in the ~~property tax relief fund~~  
17 33 ~~created in section 426B.1 mental health and disability~~  
17 34 ~~services state fund created in section 225C.9~~, and shall be  
17 35 distributed as provided in section ~~426B.2~~ 225C.9.  
18 1 Sec. 25. Section 445.5, subsection 1, paragraph h, Code  
18 2 2007, is amended by striking the paragraph.  
18 3 Sec. 26. Section 225C.7, and chapter 426B, Code 2007, are  
18 4 repealed.  
18 5 Sec. 27. EFFECTIVE DATE. Except as otherwise provided,  
18 6 this division of this Act takes effect July 1, 2009.  
18 7 Sec. 28. STATE FUND == OTHER FUNDING STREAMS == EFFECTIVE  
18 8 DATE. The mental health, mental retardation, developmental  
18 9 disabilities, and brain injury commission shall consider  
18 10 whether other state and federal funding streams used to pay  
18 11 for mental health and disability services are appropriate to  
18 12 also be included in the mental health and disability services  
18 13 state fund created in section 225C.9, as enacted by this  
18 14 division of this Act. The commission shall include a  
18 15 recommendation for inclusion of any such funding streams in  
18 16 the commission's annual report to the governor and general  
18 17 assembly submitted pursuant to section 225C.8, subsection 1,  
18 18 paragraph "h", for the fiscal year beginning July 1, 2007.  
18 19 This section takes effect July 1, 2007.



18 21 CASE RATE IMPLEMENTATION

18 22 Sec. 29. IMPLEMENTATION COSTS. There is appropriated from

18 23 the general fund of the state to the department of human

18 24 services for the fiscal year beginning July 1, 2006, and

18 25 ending June 30, 2007, the following amount, or so much thereof

18 26 as is necessary, to be used for the purposes designated:

18 27 For the costs of implementing functional assessment tools

18 28 and establishing case rates for implementation beginning July

18 29 1, 2009:

18 30 ..... \$ 200,000

18 31 Notwithstanding section 8.33, moneys appropriated in this

18 32 section that remain unencumbered or unobligated at the close

18 33 of the fiscal year shall not revert but shall remain available

18 34 for expenditure for the purposes designated until the close of

18 35 the succeeding fiscal year.

19 1 Sec. 30. EFFECTIVE DATE. This division of this Act, being

19 2 deemed of immediate importance, takes effect upon enactment.

19 3 DIVISION VIII

19 4 STATE MANDATES

19 5 Sec. 31. IMPLEMENTATION OF ACT. Section 25B.2, subsection

19 6 3, shall not apply to this Act.

19 7 EXPLANATION

19 8 This bill relates to mental health, mental retardation,

19 9 developmental disabilities, and brain injury (MH/MR/DD/BI)

19 10 services by revising and making appropriations, addressing

19 11 county and state responsibilities for the services, revising

19 12 property tax relief payment provisions, allowed growth, and

19 13 other funding distribution requirements, and revising county

19 14 levy authority provisions for such services. The bill is

19 15 organized into divisions.

19 16 ALLOWED GROWTH FACTOR DISTRIBUTION PROVISIONS == This

19 17 division revises the distribution provisions for the allowed

19 18 growth factor adjustment for county-administered MH/MR/DD

19 19 services. Under current law, there are two primary formula

19 20 provisions used to calculate the amount provided to a county:

19 21 "regular" allowed growth under Code section 331.438, and "per

19 22 capita" allowed growth under Code section 426B.5, subsection

19 23 1. In addition, there has been an allocation made for risk

19 24 pool funding under Code section 426B.5, subsection 2.

19 25 The bill combines the regular and per capita allowed growth

19 26 provisions by renaming the per capita expenditure target pool

19 27 under Code section 426B.5 as the allowed growth funding pool

19 28 and eliminates the risk pool. The incentive pool established

19 29 pursuant to 2006 Iowa Acts, chapter 1115 (HF 2780) is not

19 30 addressed by the bill. These funding pools are all part of

19 31 the property tax relief fund.

19 32 The first \$12 million in the allowed growth funding pool is

19 33 allocated based upon a county's proportion of the general

19 34 population of all counties in the state, just as is done for

19 35 regular allowed growth in current law.

20 1 To be eligible for the remainder of the allowed growth

20 2 funding pool moneys, a county must levy the maximum amount

20 3 allowed for the county's services fund for the year of

20 4 distribution, the county must have met the requirement for

20 5 reporting of county expenditures for the previous fiscal year

20 6 by December 1, and the county's services fund ending balance

20 7 for the previous fiscal year must be less than 25 percent of

20 8 the county's gross expenditures from the fund for that fiscal

20 9 year. Funds are to be distributed based upon a county's

20 10 general population relative to the combined general population

20 11 of the eligible counties. The most recent population

20 12 estimates issued by the United States bureau of the census

20 13 shall be applied in determining population for purposes of

20 14 Code section 426B.5. The department of human services is

20 15 required to authorize issuance of the warrants in January.

20 16 The allowed growth distribution provisions under Code

20 17 section 331.438 and the per capita expenditure definition in

20 18 Code section 331.438, subsection 1, paragraph "b", are

20 19 stricken. Code section 331.440A, relating to an obsolete

20 20 MH/MR/DD services pilot, is repealed.

20 21 ALLOWED GROWTH FUNDING FOR FY 2007=2008 == This division

20 22 increases the existing appropriation for the allowed growth

20 23 adjustment factor distribution made in 2006 Iowa Acts, chapter

20 24 1185, and revises the distribution provisions to reflect the

20 25 changes made in the bill.

20 26 The overall appropriation is increased from approximately

20 27 \$43.3 million to approximately \$67 million. The bill revises

20 28 the allocations made of the overall appropriation to reflect

20 29 the changes made in the bill to eliminate the "regular"

20 30 allowed growth distribution and the risk pool, and to rename

20 31 the per capita expenditure target pool as the allowed growth

20 32 funding pool. The amounts allocated for the eliminated  
20 33 provisions are included in the allocation for the allowed  
20 34 growth funding pool. The language in the allocation for the  
20 35 brain injury services program in the department of public  
21 1 health is amended to reflect that the contingencies addressed  
21 2 in the language did occur.

21 3 As has been the practice for a number of years, the  
21 4 distribution provisions in the bill combine the allowed growth  
21 5 funding pool allocation and the amount appropriated in other  
21 6 legislation for the MH/DD community services fund and  
21 7 withholds amounts that would otherwise apply under the formula  
21 8 based upon the county ending balances at the close of the  
21 9 preceding fiscal year. A county must be levying at least 70  
21 10 percent of the maximum allowed for the county's services fund  
21 11 in the distribution year in order to be eligible for a  
21 12 distribution. A county with an ending balance of 25 percent  
21 13 or more is subject to withholding of 100 percent. Other  
21 14 graduations apply at ending balance percentages of 5 and 10  
21 15 percent.

21 16 ALLOWED GROWTH FUNDING FOR FY 2008=2009 == This division  
21 17 makes the allowed growth factor adjustment appropriation for  
21 18 FY 2008=2009, two years in advance, as is required under Code  
21 19 section 331.439. The distribution provisions are equivalent  
21 20 to the distribution provisions for the previous fiscal year.

21 21 CHILDREN'S SYSTEM DESIGN == This division provides an  
21 22 appropriation to DHS for implementation of the children's  
21 23 system design approved by the MH/MR/DD/BI commission in fall  
21 24 2006. In addition, the commission is directed to review the  
21 25 commission membership requirements and make a specific  
21 26 recommendation to revise those requirements in order to  
21 27 provide for representation on the commission for the  
21 28 children's system. The recommendation is required to be  
21 29 included in the commission's annual report to the governor and  
21 30 general assembly submitted in 2007.

21 31 COUNTY SERVICES FUND LEVY == This division addresses Code  
21 32 section 331.424A, relating to the county MH/MR/DD services  
21 33 fund, by revising the property tax levy authority requirements  
21 34 for that fund. Current law limits the dollar amount that may  
21 35 be raised for a county's services fund from property taxes to  
22 1 a base year expenditures amount identified by the county, as  
22 2 reduced by property tax relief funding provided to the county  
22 3 by the state. Effective commencing with the fiscal year  
22 4 beginning July 1, 2008, the absolute dollar limit on services  
22 5 fund levies would be replaced with a limitation on the levy  
22 6 rate per \$1,000 of property value, within minimum and maximum  
22 7 levy rates established by the state MH/MR/DD/BI commission.  
22 8 If a county's levy rate for the services fund in effect as of  
22 9 March 15, 2008, is less than the minimum levy rate established  
22 10 by the state commission, the county may incrementally increase  
22 11 the levy over the next three years in order to fully implement  
22 12 at least the minimum levy rate by the fiscal year beginning  
22 13 July 1, 2011. This division takes effect January 1, 2008, and  
22 14 is applicable to taxes payable in the fiscal year beginning  
22 15 July 1, 2008, and subsequent fiscal years.

22 16 STATE FUNDING CONSOLIDATION == This division consolidates  
22 17 various state funding streams provided to counties for  
22 18 MH/MR/DD services. Code section 225C.7, relating to the  
22 19 mental health and developmental disabilities community  
22 20 services fund, is repealed. A new mental health and  
22 21 disability services state fund is established in new Code  
22 22 section 225C.9. The standing appropriations for property tax  
22 23 relief and for certain Medicaid costs in Code chapter 426B are  
22 24 repealed and shifted to this new fund. Legislative intent is  
22 25 stated for other federal and state funding streams to be  
22 26 credited to the new fund. Under current law, the property tax  
22 27 relief moneys are distributed to counties and used to reduce  
22 28 property taxation for MI/DD/BI services. The bill provides  
22 29 that moneys credited to the new fund are to be allocated to  
22 30 counties on a case rate payment basis in accordance with  
22 31 commission rules. The rules are to provide for an adjustment  
22 32 to the case rate payment based upon a county's revenue from  
22 33 the minimum levy for these services.

22 34 Code section 230A.1, relating to establishment and support  
22 35 of community mental health centers, is amended to include a  
23 1 variation of the authorization contained in current law in  
23 2 Code section 225C.7, which is repealed by the division. The  
23 3 authorization provides that if a county does not establish or  
23 4 is not affiliated with a community mental health center, the  
23 5 MH/MR/DD/BI commission may waive an expenditure requirement.  
23 6 However, the county must then provide outpatient mental health  
23 7 services through an affiliation agreement, contract with a

23 8 for=profit provider, or other means, subject to the approval  
23 9 of the commission.  
23 10 The division repeals the Code chapter 426B property tax  
23 11 relief provisions and strikes Code chapter 331 provisions for  
23 12 state payment of allowed growth funding to counties. The  
23 13 division also provides conforming amendments to other Code  
23 14 sections.  
23 15 The commission is required to consider whether other  
23 16 funding streams should be included in the new fund created in  
23 17 the division and to include a recommendation to this end in  
23 18 the commission's annual report to the governor and general  
23 19 assembly for FY 2007=2008. This provision takes effect July  
23 20 1, 2007, and the remainder of the division takes effect July  
23 21 1, 2009.  
23 22 CASE RATE IMPLEMENTATION == This division makes a fiscal  
23 23 year 2006=2007 appropriation to DHS from the general fund of  
23 24 the state. The appropriation is to be used for costs of  
23 25 implementing functional assessment tools and implementing case  
23 26 rates to take effect July 1, 2009. Unused moneys may be  
23 27 carried to the next fiscal year. The division takes effect  
23 28 upon enactment.  
23 29 STATE MANDATES == This division addresses the state  
23 30 mandates Act in Code chapter 25B. The bill may include a  
23 31 state mandate as defined in Code section 25B.3. The bill  
23 32 makes inapplicable Code section 25B.2, subsection 3, which  
23 33 would relieve a political subdivision from complying with a  
23 34 state mandate if funding for the cost of the state mandate is  
23 35 not provided or specified. Therefore, political subdivisions  
24 1 are required to comply with any state mandate included in the  
24 2 bill.  
24 3 LSB 1278DP 82  
24 4 jp:nh/je/5.2